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"We're Praying Nothing Goes Wrong"—What I Heard in Basel's Secret Meeting / Yanis Varoufakis

The Emergency in Basel

What was initially described as an informal economic consultation in Basel, Switzerland, recently revealed itself to be an emergency gathering of the world's most powerful financial officials. Held at the Bank for International Settlements (BIS)—the "central bank for central banks"—the meeting included approximately 30 deputy governors and senior policy advisers from the Federal Reserve, the European Central Bank (ECB), the Bank of England, and the Bank of Japan. While the official agenda was "monetary policy normalization," the atmosphere in the room was defined by a palpable sense of panic as officials confronted the escalating collapse of dollar dominance.

The Hidden Exodus from U.S. Treasuries

A senior official from the Federal Reserve acknowledged that the demand for U.S. Treasury bonds is collapsing, citing unprecedented moves in the repo market following the expansion of BRICS. While official data suggests only a modest decline in foreign holdings, the reality is far more severe.

To prevent an immediate market crash, foreign central banks are exiting their positions through hidden channels. Instead of selling openly, they utilize offshore vehicles, intermediaries, and disguised

currency swaps. European institutions are also diversifying their reserves away from the dollar, moving into gold, yuan bonds, and even bitcoin. Financial engineering is currently being used to mask the true scale of this outflow from the public.

Fractures in Financial Infrastructure

The internal plumbing of the financial system, specifically the repo market, is beginning to break down. Since the entry of Saudi Arabia into BRICS, repo rates have spiked erratically, indicating that banks are demanding higher rates to lend against Treasuries. This volatility suggests the market is now pricing in significant Treasury risk, a phenomenon largely unprecedented in peacetime. Although the Federal Reserve is intervening constantly to prevent a meltdown, officials in Basel admitted they cannot sustain this indefinitely.

The Looming Pension Collapse

One of the most alarming revelations from the meeting concerned the vulnerability of pension funds. Officials calculated that if interest rates rise another 200 basis points, it could trigger between $3 trillion and $5 trillion in pension losses.

The central banks find themselves in a policy trap: if they allow rates to rise, retirement accounts may crater; if they attempt to print money to facilitate a bailout, they risk accelerating inflation and currency devaluation. There is a profound fear that once the public realizes the extent of the threat to their savings, the resulting political pressure and social unrest will be uncontrollable.

Accepting a Multipolar Reality

The tone of the discussion indicated a shift from defending dollar dominance to managing its decline. Federal Reserve advisers expressed that a transition to a multipolar currency system is now irreversible. The primary concern is no longer whether the dollar will

remain dominant, but whether the transition can be managed without a total systemic collapse.

Europe appears particularly vulnerable in this restructuring. With a declining industrial base and heavy energy dependence, the ECB officials expressed concern that Europe will become "collateral damage" as the global financial system resets.

Emergency Protocols and Capital Controls

In preparation for a potential crisis, central banks are quietly prepositioning emergency measures that are rarely discussed in public. These include:

- **Capital Controls: Drafting protocols for restrictions on moving money out of the country and limitations on currency conversions.**
- **Bank Holidays: Preparing for temporary market closures to prevent panic selling.**
- **Dollar Swap Lines: Maximizing capacity for emergency liquidity to foreign central banks.**
- **Extraordinary Monetary Operations: Planning for unlimited money creation to buy government bonds and prevent interest rate spikes.**

Potential Triggers and the Crisis Timeline

The consensus among officials suggests a 12-to-18-month window of relative stability, with a major crisis potentially occurring by late 2025 or early 2026. However, this timeline could compress to weeks or months if specific "trip wires" are triggered. These triggers include:

1. **A Failed Treasury Auction: If an auction fails to find enough buyers, interest rates could spike, leading to a cascade failure.**

2. **A BRICS Trade Currency: The announcement of a gold-backed or commodity-backed alternative to the dollar would cause demand for the dollar to crash rapidly.**
3. **Geopolitical Asset Freezes: Following the freezing of Russian assets, other nations are wary of U.S. sanctions and may exit the dollar system preemptively to protect their wealth.**

Conclusion: A Systemic Dead End

A high-ranking Nordic official compared the current role of central bankers to doctors treating a terminal patient: they can manage the symptoms and extend the patient's life, but they cannot cure the underlying disease. The global economic order is built on assumptions that are no longer valid, and traditional interest rate policies are no longer effective tools for repair.

While mainstream media continues to report on "economic resilience," the authorities responsible for financial stability are privately preparing for system failure. Their current strategy is not one of solutions, but of desperation—hoping that no major shock triggers a collapse before they can implement emergency measures. In this environment, the most valuable assets may not be financial instruments, but real-world resilience, useful skills, and strong community ties.